ment a plan of action under subtitle B of the Emergency
Low Income Housing Preservation Act of 1987";
(ill) adding a new subparagraph after subparagraph (D):
"(E) Permit repayment of the debt service to be deferred
as long as the low and moderate income character of the
project is maintained in accordance with subsection (d).".
(b) APPROVAL OF PLAN OF ACTION.—
(1) TENANT PROFILE.—Section 225flbX3XFXi) of the Emergency
12 use ni5/ Low Income Housing Preservation Act of 1987 is amended by
note inserting before the semicolon the following: "(based on the area
median income limits established by the Secretary in February,
1987), or the date the plan of action is approved, whichever date
results in the highest proportion of very low-income families,
except that this limitation shall not prohibit a higher propor-
tion of very low-income families from occupying the housing[11].
(2) SECTION 8 RENTAL ASSISTANCE.—Section 225 of the Emer-
gency Low Income Housing Preservation Act of 1987 is amended
by adding at the end the following new subsections:
Contracts. "(c) SECTION 8 RENTAL ASSISTANCE.—When providing rental assist-
ance under section 8, the Secretary may enter into a contract with
an owner, contingent upon, the future availability of appropriations
for the purpose of renewing expiring contracts for rental assistance

assistance for such additional period or periods as is necessary to
carry out an approved plan of action. The contract and the approved
plan of action shall provide that, if the Secretary is unable to extend
the term of such rental assistance or is unable to develop a revised
package of incentives providing benefits to the owner comparable to
those received under the original approved plan of action, the
Secretary, upon the request of the owner, shall take the following
actions (subject to the limitations under the following para-
graphs):—
"(1) Modification of the binding commitments made pursuant to subsection (b) that are dependent on such rental assistance.
"(2) If action under paragraph (1) is not feasible, release of an owner from the binding commitments made pursuant to subsection (b) that are dependent on such rental assistance.
"(3) If action under paragraphs (1) and (2) would, in the determination of the Secretary, result in the default of the insured loan, approval of the revised plan of

action, notwithstanding subsection (a), that involves the termination of low-income affordability restrictions.

At least 30 days prior to making a request under the preceding sentence, an owner shall notify the Secretary of the owner's intention to submit the request. The Secretary shall have a period of 90 days following receipt of such notice to take action to extend the rental assistance contract and to continue the binding commitments under subsection (b).

"(d) RELOCATION OF DISPLACED TENANTS.—Any plan of action shall specify actions that the Secretary and the owner shall take to ensure that any tenants displaced as a result of a plan of action approved under subsection (a) or as a result of modifications taken pursuant to subsection (c), are relocated to affordable housing/',

(c) INSURANCE FOR SECOND MORTGAGE FINANCING.—

(1) UNDERWRITING.—Section 241(f)(2) of the Nation*} Housing
12 use 1715z-6. Act is amended by adding at the end the following sentence: